



AMPLE GRH Refinance Funds Available!!!

May 10, 2005
Fiscal Year 2005
Issue 2

WI Rural Housing News Flash



Committed to the future of rural communities.



GRH FISCAL YEAR 2005 FUNDING STATUS

For Fiscal Year 2005, an appropriation of over \$3 billion is

available for purchase loans, and \$225 million for refinance loans. Fiscal year to date, Wisconsin has obligated 467 GRH loans for a total of \$47.9 million. Based on current funds utilization projec-

tions, ample GRH funding will be available throughout the remainder of this fiscal year. **Please continue to fax your Requests for Reservation of Funds to Rural Development as part of your loan processing. Thank you for your tremendous support of the GRH program during the winter months. We are on track to do well over \$100 million this year!**

BILINGUAL LENDERS NEEDED!

We are seeking your assistance to meet our Agency's goal of expanding minority home ownership in Wisconsin this year. We would like to expand our current listing of individual loan originators who are fluent in Spanish, Hmong, or other languages on our website to assist non-English speaking appli-

cants who contact our Agency seeking to use the GRH loan program. We would like to obtain complete contact information from bilingual loan originators that includes their name, the lender's name, street address, email address, toll free numbers, link to website, lan-

guages spoken, etc. so that we can make appropriate referrals to them. **Our goal is to provide better access to home ownership for non-English speaking home buyers who are eligible for GRH assistance.**

Please email your bilingual loan originator's contact information to Julie.Czappa@wi.usda.gov.

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Do you have a question or just want to learn more about the GRH program?

CONTACT US TODAY!

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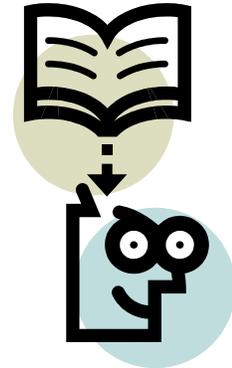


UPDATES TO ORIGATION AND SERVICING HANDBOOKS

The “What’s New?” link on the GRH Loan Origination and Servicing Handbook page will soon be updated to include a copy of the Administrative Notices (AN) referred to in this Lender Memo. New GRH program information can be accessed at this link for viewing instead of attaching multiple

documents to this correspondence. The internet address for this page is:

<http://www.rurdev.usda.gov/wi/programs/rhs/sfhq/handbook/new.htm>



UNDERWRITING ANs REISSUED

On February 28, 2005, RD ANs 4051, 4052, 4053, and 4054 were issued to replace existing RD ANs with the same titles.

These ANs explain underwriting guidelines, existing dwelling inspection requirements, debt ratio waivers, and acceptable appraisal formats.

On April 1, 2005, RD ANs 4067, 4068, 4069, and 4070

were issued to replace existing RD ANs with the same titles.

These ANs explain the use of credit scores, credit history verification, determining repayment income for self-employed applicants, and acceptable alternative documentation to verify the applicant's employment income.

These ANs substantially restate the guidance on their topics given to lenders through previous RD Administrative Notices. Please read all of the ANs as there are minor revisions and clarifications with respect to debt ratio waivers, streamlined credit documentation criteria, and the calculation of qualifying income for self-employed applicants.

LENDER REQ PROPERTY DISPOSITION PLANS

PROPERTY DISPOSITION PLAN REQUIREMENTS AN—

On April 5, 2005, RD AN 4066 was issued to replace RD AN 3861. This AN explains the requirements for lenders to submit a property disposition plan to the Agency within 30 days

of acquiring title to the property. The AN includes an attachment to show the recommended format and content of a property disposition plan.



TOP TEN REASONS FOR DELAYS IN THE APPROVAL PROCESS

1. Lenders not providing the original of Form RD 1980-21, Request for Single Family Housing Loan Guarantee (Rev. 01-2003) with their loan application package.
2. Form RD 1980-86, Request for Reservation of Funds was not completed.
3. Lender providing incomplete income verifications for all adults living in the home, not verifying other income sources, and inappropriate use of alt. doc. based on the applicant's employment history.
4. Underwriter did not submit credit waiver for adverse credit if the middle score is below 660.
5. Underwriter did not submit ratio waiver if ratios exceed guidelines of 29% and 41%.
6. Estimates for repairs are missing when loan funds are to be used to pay for the repairs.
7. Interest rate that exceeds Rural Development guidelines without providing supporting documentation.
8. Appraisals with excessive adjustments that do not clearly support the market value.
9. Increasing the loan amount or interest rate after the Conditional Commitment has been issued by Rural Development.
10. Multiple risk layering, such as payment shock, ratio waiver, credit waiver, etc., without strong compensating factors.



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